

Message Text

SECRET

PAGE 01 TEHRAN 07868 031347Z

47

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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P 031245Z AUG 76

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 8448

S E C R E T TEHRAN 7868

EXDIS

PASS SECDEF

E.O. 11652: GDS

TAGS: MASS,IR, US

SUBJECT: OIL FOR ARMS BARTER

REF: TEHRAN 7458

1. GENERAL TOUFANIAN TOLD US AUGUST 3 THAT HE AND OTHER IRANIANS PLANNED TO MEET WITH GENERAL DYNAMICS, LITTON, AND OIL COMPANY REPRESENTATIVES IN LONDON. AUGUST 13 AND 14. HE WAS, AGAIN, POSITIVE IN HIS COMMENTS ON BARTER PROPOSAL, STATING IN ANSWER TO QUESTION FROM DEFREP THAT FUND ACCUMULATED FROM BARTER WOULD ALLOW IRAN TO FINANCE PURCHASES OF AWACS, AMST AND OTHER HARDWARE. TOUFANIAN REPEATED WHAT HE HAD TOLD US BEFORE THAT IF BARTER ARRANGEMENT COULD NOT BE COMPLETED, IRAN WOULD NOT BUY NEW AIRCRAFT.

2. IN RELATED DISCUSSION OF INTEREST ON IRANIAN FMS FUNDS HELD BY DOD, TOUFANIAN STATED FLATLY THAT HE WOULD NOT HAVE MONEY AVAILABLE TO MAKE DEPOSIT EACH SIX MONTHS IN ADVANCE. HE REITERATED HIS CRITICISM OF U.S. FAILURE TO PAY INTEREST ON IRANIAN FUNDS.

3. TOUFANIAN TOLD US NEGOTIATIONS OF BARTER ARRANGEMENT WITH BRITISH WERE NEARLY COMPLETE AND FUNDS WOULD BE USED TO FINANCE RAPIER MISSILE, SCORPION LIGHT TANK

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AND ISFAHAN ARMAMENTS COMPLEX. WE ASKED WHETHER IRAN

WOULD HAVE ENOUGH OIL AVAILABLE TO FINANCE BOTH U.S. AND
BRITISH DEALS AND TOUFANIAN RESPONDED THAT BRITISH DEAL
WAS MUCH SMALLER.
HELMS

NOTE BY OC/T: TEHRAN 7868 NOT PASSED SECDEF.

SECRET

NNN

Message Attributes

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Margaret P. Grafeld
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